

ORIGINAL



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THIS AMENDMENT:

☐ Passed ☐ Passed as amended by ☐
☐ Failed ☐ Not Offered ☐ Withdrawn

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GLEASON PROPOSED AMENDMENT # 1
To Decision No. 66772

TIME/DATE PREPARED: 3:30 p.m. / June 1, 2004

COMPANY: Qwest Corporation

DECISION NO. 66772 (Docket No. T-01051B-03-0454)

SPECIAL OPEN MEETING DATE: June 9, 2004

AGENDA ITEM NO. 1

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 JUN - 1 P 4: 15

RECEIVED

Pursuant to ARS §40-252, the following proposed
amendment amends Decision No. 66772.

Arizona Corporation Commission

DOCKETED

Page 5, DELETE lines 16-28.

Page 6, DELETE lines 1-16 and INSERT:

JUN - 1 2004

"Clarifying The Price Cap Plan

DOCKETED BY

CAZ

The plain language of the Price Cap Plan states that the term of the Plan is for three years. The phrases "an initial term of three years", "three year term" and "initial term" are found in several places throughout the Plan. These phrases are found in language establishing the Basket 1 Price Index Adjustment (See Plan at 2(b)(i)) **as well as** the annual \$5 million dollar reduction in switched access charges (Id. at 3(d)). There is no ambiguity that the initial term of the Price Cap Plan is three years.

Basket 1 Price Index Adjustment

Section 2(b)(i) states:

"Given the uncertainty of recent interpretations of Arizona law regarding rate increase mechanisms, **for the initial three year term of the plan**, the weighted average price level (or "Price Index") of all services

contained in Basket 1 is capped, using an "inflation minus productivity" indexing mechanism, subject to annual updates in the quantities of demand for each service." (emphasis added)

This provision explicitly states that "for the initial three years term of the Plan" there shall be a Price Index adjustment. The plain language of the Plan must prevail. Thus, the annual Price Index adjustment does not continue beyond the initial term of the Plan. The limitation on the term of the Price Index found in Section 2(b) does not appear to apply to the Plan as a whole or to other specific terms. Thus, the hard cap on basic services in Section 2(c)(i) is not similarly limited to the initial term.

Intrastate Switched Access Charge Reduction

Like the language limiting adjustments to the Basket 1 Price Index to the "initial term of three years", reductions in access charges are also limited to the "initial term of the Plan." It would be inconsistent to hold that the Plan does not require additional adjustments but to find otherwise for access charge reduction."

Page 10, DELETE Findings of Fact 9 and 11.

INSERT new Finding of Fact 9. "The Price Cap Plan has an initial term of three years from the effective date as specified in the Commission's Order approving the Settlement Agreement and Plan."

INSERT new Finding of Fact 11. "The language of the Price Cap Plan expressly limits the applicability of the Price Index to the initial term of the Plan."

Page 11, DELETE the first ordering paragraph and INSERT "IT IS THEREFORE ORDERED that consistent with the language of the Price Cap Plan and the Settlement Agreement approved in Decision No. 63487, no further adjustments to the Price Cap Index are required pursuant to the current Price Cap Plan."

MAKE ALL CONFORMING CHANGES